

VETERANS AFFAIRS HEALTH ADMINISTRATION CENTER FACT SHEET 01-14

Introduction

The Health Administration Center's (HAC) primary mission is to administer federal health benefit programs for veterans and their family members. Benefit programs for family members include the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) including the CHAMPVA In House Treatment Initiative (CITI) and the CHAMPVA Meds by Mail program. Other family benefit programs include the Spina Bifida Health Care Program, the Children of Women Vietnam Veterans Health Care Program, and the Persian Gulf Examination Program for Dependents. Veteran programs include the Foreign Medical Program, which provides service to veterans living or traveling throughout the world, and the Fee program, which provides services to veterans who need care outside a VA medical center. Responsibility for these programs includes: benefits management, eligibility determination, customer service, outreach and education, claims processing, appeals and grievances and fraud, waste and abuse prevention.

The HAC is also developing the VistA Fee Replacement system, a multi-year, multi-million dollar project. The Replacement Project will centralize claims processing and establish a centralized database. The Project has met its first major milestone on time and under the phase one-budget projection. The second phase is scheduled for the summer of 2004 (contract halfway houses), phase three in the fall of 2004 (contract nursing homes) and the final implementation phase (all other traditional Fee functions) in the fall of 2005.

To support the primary mission, the HAC:

- Maintains a robust, advanced technology information system that includes an automated claims processing system that employs electronic document imaging, artificial intelligence and a commercial claims scrubber.
- Is actively engaged in Electronic Data Interchange developing electronic commerce applications for health care claims processing.

Other HAC missions include:

- Serving as the VHA Office of Mail Management providing support to all VHA facilities.

- Managing the national recovery audit -- a multi-year, multi-million dollar contract identifying overpayment for inpatient services for veterans and their family members.
- Providing human resource, contract/acquisition, financial and information systems support to various VHA field activities. The HAC supports almost 200 staff across the United States.
- Housing representatives from the VA Office of Information and the Office of the Inspector General.

History

In June 1986, the VA centralized management of the CHAMPVA Program at the Denver VA Medical Center. From 1973 through 1986, VA medical centers were responsible for processing CHAMPVA applications and determining if applicants were eligible for the program.

Initially, the Denver VA medical center was responsible only for beneficiary eligibility determinations. In 1990, the organization began to assume responsibility for all aspects of the program including claims processing which previously had been done by the Department of Defense. In the early 1990s, the organization separated from the Denver VA Medical Center and became the CHAMPVA Center, a field activity of VHA's central office.

By January 1, 1994, the Center was fully responsible for performing all CHAMPVA program administrative functions, including claims processing, beneficiary eligibility determinations and payments for beneficiaries residing in the 50 States, the District of Columbia and Puerto Rico. For this effort, the Center was honored with a National Performance Review Hammer Award in 1995. The transition was complete January 1, 1996, when the Center assumed responsibility for all foreign CHAMPVA claims processing and payments.

With the implementation of numerous program initiatives between 1990 and 1996, the role of the CHAMPVA Center continued to expand.

In 1992, the Center began the CHAMPVA In House Treatment Initiative (CITI). Under CITI, VA medical centers provide care to CHAMPVA beneficiaries when the medical center has the space and capacity to do so after serving veterans. Currently 98 VA medical centers participate in this program each with a unique offering of services based on local capability.

In 1994, the Center assumed responsibility for the VA's Foreign Medical Program (FMP). Under this program, the Center pays for health services required for veterans with service-connected disabilities who live or travel overseas. The successful transfer of the program resulted in significant reduction of costs and increases in efficiency, earning the Center a VA Scissors Award.

The Center took the lead to initiate and negotiate an interagency process redesign. The change in process resulted in payment checks and explanation of benefits being mailed together – previously they were sent separately. With the Department of Treasury's Austin Center as a partner, the Government saved over \$225,000 in postage costs. The HAC received another Scissors Award for this effort.

In 1996, the Center was selected to process claims for family members of Persian Gulf veterans who needed a physical examination. This program is slowly coming to an end though a few family members are still obtaining physicals at VA expense.

The Center further expanded services to CHAMPVA beneficiaries through a mail-order pharmacy program providing improved access to care and decreased costs to the beneficiary and to the government. The mail order pharmacy program, called Meds by Mail, received a VA Scissors Award in 2000 for excellence and innovation. Since October 2003, this program has reached 42,600 beneficiaries and saved \$34.6M in FY03. The program is expected to continue to expand as controlled medications have recently been added to the Meds by Mail program. To provide quality service and to ensure redundancy, the Center is expanding its partnership, which currently includes the Cheyenne VA Medical Center and the Leavenworth CMOP, to include the Dublin VA Medical Center. The VA medical centers serve as "the pharmacy" where beneficiaries send prescriptions.

In 1996, the CHAMPVA Center was officially renamed the Health Administration Center.

The Center became the home of the Spina Bifida Healthcare Program in 1997. Under this program, children of Vietnam veterans with spina bifida are provided a full range of health care services related to their spina bifida. At the end of Feb 2004, there were 1135 beneficiaries enrolled in this program. Of this number, five we added as a result of recent legislation extending benefits to certain Korea veterans.

Because of its success with the Spina Bifida Healthcare Program, the Center was selected to administer health benefits under the Children of Women Vietnam Veterans, a benefit program that began in December 2001. There are an estimated 300 individuals eligible for this program, eight of whom are enrolled.

In 1997-1998, the Center and VISN 19 partnered in a centralized claims processing demonstration for the VA's Fee Program. This pilot provided tremendous information that has been of value to the VA in other areas of claims management.

In June 2001, the President authorized the extension of benefits for CHAMPVA beneficiaries over the age of 65 effective October 1, 2001. The Center contacted over 250,000 individuals notifying them of their eligibility for this program. Since October of 2001, CHAMPVA has added 118,000 new enrollees, growing at a rate of 40% in FY03 and 33% in FY 04. The HAC has contracted with Milliman and Roberts for an actuarial study of the CHAMPVA program so that future growth and requirements can be better understood.

In the summer of 2002, the HAC was tasked to begin the centralization of claims processing for the VA's "Fee" program and to ensure that the program met HIPAA mandates by October 2003. The HAC is using an innovative web-based approach to claims processing that provides centralized claims processing and maintains control of funds and health care access at the VAMC.

In 2003, the Center was given program responsibility for the national Fee program. As such the Center provides policy and program guidance to all VHA activities and sponsors the National Fee Advisory Council. In late March 2004, the HAC rolled out Fee 101, the first standardized national training program for fee clerks. In the Fall of 2004, the Center will rollout a second national training program for fee supervisors.

Staffing

The Center's staff has grown slowly over the 15 years since its creation. An initial staff of 3 or 4 programmers began developing the eligibility and claims software in 1986, before the Center was chartered. As the Center's mission changed, from eligibility determination to claims processing for CHAMPVA, to include other benefits programs and then to include other non-health benefits missions, the staff has grown to approximately 420 civil servants and 80 contracted staff.

Through the use of imaging technology and EDI applications, the HAC has developed a state-of-the-art claims processing system that is among the most advanced in the industry. The system contains an artificial intelligence component and utilizes a commercial software system called ClaimCheck®. The Center artificial intelligence system saved the Center \$10.5 million from FY96-03. The use of ClaimCheck® software saved \$26.8 million from FY96-03. The Center accepts institutional and hospital-outpatient claims through EDI. EDI and HIPAA hold the promise of being able to help the Center control costs. In late 2002, the Center implemented optical character recognition technology, which is expected to reduce claims processing times. In the Fall of 2003, the Center met

HIPAA transaction set standards for all programs including Fee. According to a March 31, 2004 report of an audit of the HAC's HIPAA compliance by Price Waterhouse Coopers, the "HAC is on par with the leading health plan organizations and well ahead of many others."

The Center is the only Federal health benefits program directly involved in claims processing (Medicare and TRICARE both utilize commercial claims processors).

The HAC also utilizes technology to provide quality services and minimize staffing needs. For example, beneficiaries can use a state of the art phone system to check on claims status as well as through the Internet. Additional features planned for calendar year 2004 include the ability to update other health insurance information via the Internet and a process for providers to check on payments due them via the phone and Internet.

Industry Comparison

The HAC continually looks at industry to compare its performance. A recent review showed that the HAC continues to be a great bargain for the taxpayer. The table below summarizes the latest comparative information.

Topic	HAC	Industry
EDI	Fully Compliant	Not Fully Compliant
IT ratio support to users	1:48	1:18
Per Member Per Month IT Expense	\$2.08	\$3.50
Calls Per Person Per Day	41.5	22.6
Phone Ctr Staffing Tool	Erlang C	Erlang C
Cost Per Call	\$6.75	\$7.75
Claims Per Person Per Day	95.3	80.5
FTE for Door to Door Claims Processing	1 FTE per 47 pieces	1 FTE per 32.5 pieces
% Claims Processed Post Input		
Without Human Intervention	75%	27%
Error Rate	Just under 2%	2%

Customer Satisfaction

The Center has a robust customer satisfaction program. Major surveys of beneficiaries are conducted about every other year. Ongoing processes include surveys of beneficiaries who have used the call center, sent in correspondence and soon, reviewed the web site. The Center enjoys a high level of customer satisfaction.

In the 2003 CHAMPVA survey, 95% of beneficiaries rated our overall service as “Good to Excellent.” Since the expansion of our phone system in June 2001, the HAC has virtually eliminated busy signals, and the average wait time to reach a live operator is rarely over 3 minutes with over 40% of our calls answered in 30 seconds or less. Our post-call satisfaction survey shows that beneficiaries are satisfied with the service provided more than 90% of the time. Comments from the survey were very positive as these two examples demonstrate; “You’ve come a long way! Thanks!” and “I just don’t know what I would do without you folks. I thank you.”

Our 2003 Spina Bifida survey showed that more than half of the Spina Bifida beneficiaries noticed a significant improvement in call center services. We also decreased the dissatisfaction rate with the preauthorization process from 13% in 2001 to 8% in 2003. Since the survey, additional changes have been made to the preauthorization process.

In 2001, in a joint survey with VBA, we asked over 1000 veterans living overseas about the Foreign Medical Program. The primary concerns were the need for toll free lines and the length of time it takes to process a claim. The HAC is in the process of providing toll free service for countries where we have the 10 largest veteran populations. Since the Fall of 2003, processing time for claims has dropped from more than 60 days to 12-18 days. Our newest survey, which was released in March 2004, allows the veterans to respond online via the Internet or on paper. So far, over 100 veterans have responded via the Internet.

Center Leadership

The Center is a field station of the Chief Business Office, Veterans Health Administration. The Center Directors have included: Charles DeCoste, 1989-1996, Michael Hartford, 1997-1999, Mary Beth Saldin (Acting) 1999-2000, and Ralph Charlip, the incumbent.